

Thursday, April 22, 2004
DENVER POST

The Denver Post

Qwest to pay \$20.7 million in settling Arizona case

By Tom McGhee
Denver Post Business Writer

Thursday, April 22, 2004 -

Arizona regulators have fined Denver-based Qwest \$9 million and ordered the company to pay another \$11.7 million in restitution to competitors for engaging in anti-competitive activity.

The telecommunications giant has agreed not to appeal the decision reached by the Arizona Corporation Commission on Wednesday.

By agreeing to forgo an appeal, Qwest avoided another \$3 million in fines and the uncertainty of an extended battle, said Jeff Hatch-Miller, a member of the Arizona commission.

The agreement settles charges that Qwest offered some competitors secret, sweetheart deals so they wouldn't oppose its bid to enter the Arizona long-distance market. The deals were unavailable to other carriers.

"We were very committed to resolving this issue so we could move on. We believe the settlement ... is fair. It is good for our wholesale customers and for the people of Arizona," said Qwest spokesman Jeff Mirasola.

The company doesn't admit wrongdoing, although the commission found it willfully violated federal and state laws.

Qwest granted the special deals to smaller companies that presented little threat to its market share rather than giants such as rival AT&T.

"Our hope is that Qwest will follow up on its assurances that all future negotiations will be conducted under the rules set forth in the 1996 Telecommunications Act," said Tom Pelto, an AT&T vice president.

Similar secret agreements the company made in Colorado and Minnesota have also sparked regulatory actions, and New Mexico and Washington are also investigating.

The Colorado Office of Consumer Counsel has reached a settlement with the company that calls for Qwest to pay \$7.5 million toward programs to fund phone service for low-income customers and

help improve emergency 911 service. The Colorado Public Utilities Commission must approve that settlement.

Last year, Minnesota fined Qwest \$26 million for engaging in secret pacts that gave low rates to some carriers for use of Qwest's switches and lines. Qwest has appealed that action.

And the Federal Communications Commission recently fined Qwest a record \$9 million for engaging in the agreements in Arizona and Minnesota.